

## Message Text

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PAGE 01 BONN 03023 01 OF 02 171118Z  
ACTION SS-25

INFO OCT-01 ISO-00 SSO-00 /026 W  
-----065550 171121Z /11

O R 171103Z FEB 78  
FM AMEMBASSY BONN  
TO SECSTATE WASHDC IMMEDIATE 5945  
INFO AMEMBASSY CARACAS  
AMEMBASSY KINGSTON  
AMEMBASSY LONDON  
AMEMBASSY OTTAWA

C O N F I D E N T I A L SECTION 01 OF 02 BONN 03023

EXDIS

E.O. 11652: GDS  
TAGS: EAID, ETRD, EGEN, GW, JM  
SUBJ: MANLEY'S PROMOTION OF NORTH/SOUTH MEETING

REF: (A) OTTAWA 709, (B) STATE 42093

1. SUMMARY: DR. LOECK FROM THE CHANCELLOR'S OFFICE, WHO WAS PRESENT AT THE MEETING LAST WEEK BETWEEN CHANCELLOR SCHMIDT AND PRIME MINISTER MANLEY, DESCRIBED TO US WHAT HAD TAKEN PLACE. THE DISCUSSION COVERED THE BROAD SPECTRUM OF NORTH/SOUTH PROBLEMS SUCH AS THE NEED FOR POPULATION CONTROL, IMPROVEMENT OF THE INVESTMENT CLIMATE IN LDC'S; INCREASING INDEBTEDNESS OF LDC'S TO OPEC COUNTRIES; THE NEED TO GET AWAY FROM POLEMICAL DEBATES IN INTERNATIONAL MEETINGS; HOW TO ACHIEVE A NEW INTERNATIONAL ECONOMIC ORDER; AND THE LIKE. END SUMMARY.

2. THE MEETING WAS SCHEDULED TO BE RELATIVELY SHORT, BUT AS OFTEN HAPPENS IN MEETINGS WITH THE CHANCELLOR, CONFIDENTIAL

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PAGE 02 BONN 03023 01 OF 02 171118Z

HE WARMED TO THE TOPIC, AND THE MEETING CARRIED ON FOR NEARLY TWO HOURS. THE CHANCELLOR, WHO IS CONVINCED THAT THE MOST PROMISING METHOD OF APPROACHING PROBLEMS IN THE COMMODITY FIELD IS VIA AN EARNINGS STABILIZATION SCHEME GENERALLY ALONG THE LINES OF LOME, SPENT A GREAT DEAL OF TIME EXPLAINING TO MANLEY WHY THIS METHOD WOULD BE MUCH MORE SATISFACTORY THAN ATTEMPTS

TO REGULATE MARKETS WITH COSTLY "ARTIFICIAL MEANS",  
E.G. COMMON FUND, ETC. MANLEY APPEARED TO BE RECEPTIVE  
TO THE CHANCELLOR'S IDEAS.

3. AT THE END OF THE MEETING, MANLEY, TO THE  
GERMANS' SURPRISE, SPRANG THE PROPOSAL THAT IT WOULD  
BE GOOD TO HAVE A SMALL, INFORMAL GATHERING OF TOP  
LEADERS--POSSIBLY IN KINGSTON--TO DISCUSS JUST THESE  
TOPICS. MANLEY SAID HE HAD DISCUSSED THE IDEA OF SUCH  
A MEETING WITH A NUMBER OF DEVELOPING COUNTRY LEADERS,  
AND APPROACHES HAD OR WOULD BE MADE TO PRESIDENT  
CARTER, PRIME MINISTER CALLAGHAN AND OTHERS. TAKEN  
SOMEWHAT UNAWARE, THE CHANCELLOR SAID HE THOUGHT IT  
MIGHT SERVE A USEFUL PURPOSE TO HAVE SUCH A MEETING,  
BUT HE SAW IT MORE IN TERMS OF A SEMINAR OR VERY  
INFORMAL EXCHANGE OF VIEWS THAN AS A SETTING WHERE  
DECISIONS OR COMMITMENTS OF ANY KIND COULD OR SHOULD  
BE MADE. DISCUSSION ENDED AT THAT POINT.

4. UPON REFLECTION, LOECK MUSED THAT PERHAPS THE  
CHANCELLOR HAD GIVEN TOO MUCH THE IMPRESSION OF  
FAVORING SUCH A MEETING. ON THE ONE HAND SCHMIDT IS  
ATTRACTED BY THE NOTION THAT DEVELOPING COUNTRIES  
MIGHT NOW BE MORE RECEPTIVE TO PRACTICAL IDEAS ON  
ECONOMIC DEVELOPMENT FROM INDUSTRIAL COUNTRIES AND  
MIGHT BE MORE WILLING TO GET AWAY FROM THE POLEMICS  
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PAGE 03 BONN 03023 01 OF 02 171118Z

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C O N F I D E N T I A L SECTION 02 OF 02 BONN 03023

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CHARACTERIZING MANY INTERNATIONAL MEETINGS IN THE PAST SEVERAL YEARS. ON THE OTHER HAND, THE GERMANS ARE NOT CONVINCED THAT MANLEY'S MOTIVES ARE AS DEVOID OF DEVIUSNESS AS THEY AT FIRST APPEAR OR THAT HIS CREDENTIALS AMONG THE DEVELOPING COUNTRIES ARE THE BEST. AMONG OTHER THINGS, MANLEY REPEATEDLY REFERRED TO HIS DISAPPOINTMENT AT THE LACK OF SUCCESS IN CIEC. ON THE SUBJECT OF LOME, LOECK SAID THE CHANCELLOR HAD "INTELLECTUALLY" ALWAYS ACCEPTED THE FACT THAT AN EARNINGS STABILIZATION TYPE APPROACH TO COMMODITIES WAS THE MOST PRACTICAL METHOD OF SOLVING INTERNATIONAL COMMODITY PROBLEMS. (HE ADDED A GOOD DEAL OF STUDY OF THE COSTS OF SUCH A PROGRAM NEEDED TO BE MADE.) LOECK ALSO SAID THE CHANCELLOR HAS NEVER THOUGHT MUCH OF THE COMMON FUND IDEA, BUT FEARS WE MAY BE TOO FAR DOWN THE ROAD TO BACK OFF FROM IT COMPLETELY.

5. LOECK MENTIONED IN PASSING THAT THE BRITISH HAD ALSO RAISED THE SUBJECT OF THE SCHMIDT-MANLEY MEETING AND THAT HE HAD TOLD THEM THE SAME THING AS HE TOLD  
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PAGE 02 BONN 03023 02 OF 02 171118Z

US--IN SOMEWHAT LESS DETAIL. HE SAID TOO, THAT HE UNDERSTOOD THE SUBJECT HAD ALSO BEEN RAISED BY THE US WITH FOREIGN MINISTER GENSCHER DURING HIS RECENT VISIT TO THE UN IN NEW YORK.

6. FROM ANOTHER SOURCE (FOREIGN OFFICE) WE ALSO LEARNED OF TENTATIVE PLANS BY THE CHANCELLOR (NOT YET ANNOUNCED, PLEASE HOLD IN CONFIDENCE) TO ATTEND THE SPECIAL SESSION ON DISARMAMENT MEETING AT THE UN IN NEW YORK IN MAY. THE INITIAL SUPPOSITION WAS THAT, IF A KINGSTON MEETING WERE TO COME ABOUT, SCHMIDT MIGHT COMBINE THAT WITH HIS NEW YORK TRIP.  
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## Message Attributes

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